

WC 09-157C

UBANK/FCC AUG 14 2009

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C.

DOCKET FILE COPY ORIGINAL

In the Matter of

UNITY BUSINESS NETWORKS, L.L.C.
Assignor,

and

TELESPHERE NETWORKS LTD.
Assignee

Application for Consent to Assignment of
International Section 214 Authority and
Domestic Common-Carrier Transmission
Lines Pursuant to Section 214 of the
Communications Act of 1934, as Amended

File No. ITC-ASG-200908__-__

WC Docket No. 09-__

STAMP AND RETURN

**CONSOLIDATED APPLICATION —
STREAMLINED PROCESSING REQUESTED**

Pursuant to Section 214 of the Communications Act of 1934, as amended (the "Act"),
and Sections 63.04 and 63.18(e)(3) of the Commission's rules, Telesphere Networks Ltd.
("Telesphere," FRN No. 0015328032) and Unity Business Networks L.L.C. ("Unity BN," FRN
No. 0018439042) (together, "Applicants"), request that the Commission consent to the
assignment to Telesphere of Unity BN's international Section 214 authorization for global resale
services and of Unity BN's domestic interstate common-carrier transmission lines, as part of

Telesphere's acquisition of Unity BN's Voice over Internet Protocol ("VoIP") services business (the "Proposed Transaction").¹

This application raises no competition, foreign-ownership, or other public-interest concerns. Telesphere and Unity BN each have insignificant shares of the interstate interexchange market. Neither Telesphere nor Unity BN is regulated as dominant for the provision of any service, and no dominant local exchange carrier is a party to the Proposed Transaction. Moreover, Telesphere has no foreign ownership or foreign carrier affiliations whatsoever. This application therefore qualifies for presumptive streamlined processing under Sections 63.03(b)(2)(i) and 63.12 of the Commission's rules, and the Applicants therefore request such treatment.²

I. BACKGROUND

A. Parties to the Proposed Transaction

Unity Business Networks, L.L.C. Unity BN is the seller in the Proposed Transaction. Unity BN is an Arizona limited-liability company headquartered in Denver, Colorado. Unity BN provides VoIP and competitive local-exchange services and is authorized as a competitive local exchange carrier ("CLEC") in Colorado and Minnesota. Unity BN also provides—and will continue to provide, following the consummation of the Proposed Transaction—back-office

¹ See 47 U.S.C. § 214; 47 C.F.R. §§ 63.04, 63.18(e)(3). Section 63.04(b) of the Commission's rules permits the Applicants to file a joint transfer and/or assignment applications for domestic and international Section 214 authorizations. See also *Implementation of Further Streamlining Measures for Domestic Section 214 Authorizations, Report and Order*, 17 FCC Rcd. 5517 (2002). To the extent Unity BN provides interconnected VoIP service, as defined at Section 9.3 of the Commission's rules, 47 C.F.R. § 9.3, such services are not currently subject to Section 214 of the Act. Commission approval of the Proposed Transaction is required to the extent Unity BN's VoIP services business offers international and domestic interstate common carrier services.

² See 47 C.F.R. §§ 63.03, 63.12.

software for IP services companies, as well as serving as a master sales agent of telecommunications services offered by third parties.

Telesphere Networks Ltd. Telesphere is the principal purchaser in the Proposed Transaction. Telesphere is a Washington corporation headquartered in Scottsdale, Arizona. Telesphere provides domestic interstate and international IP-based voice, video, and data services. Telesphere is a non-dominant carrier holding authority to provide global facilities-based and resale-based international telecommunications services.

Telesphere Access, LLC. Telesphere Access, LLC (“Telesphere Access”) is also a purchaser in the Proposed Transaction and was organized for purposes of acquiring Unity BN’s CLEC licenses and associated assets. Telesphere Access is an Arizona limited-liability company headquartered in Scottsdale, Arizona. Telesphere Access is a direct, wholly-owned subsidiary of Telesphere. Telesphere Access will not hold any Commission authorizations as a consequence of the Proposed Transaction and is therefore not a party to the instant application.

B. The Proposed Transaction

On July 23, 2009, Telesphere, Telesphere Access, and Unity BN entered into an asset purchase agreement, whereby Telesphere will acquire substantially all of the assets of Unity BN’s VoIP services business, including any associated international and domestic Section 214 authority, and Telesphere Access will acquire Unity BN’s related CLEC authorizations. Following the consummation of the Proposed Transaction, Unity BN will continue to provide back office software for IP services companies, as well as serving as a master sales agent of telecommunications services offered by third parties.

II. INFORMATION REQUIRED BY SECTION 63.18 OF THE COMMISSION'S RULES

Pursuant to Section 63.18 of the Commission's rules, the Applicants provide the following information in support of the Applicants' request for consent to the assignment to Telesphere of Unity BN's international Section 214 authorization:

- (a) The name, address, and telephone number of the Applicants are:

Assignor

UNITY BUSINESS NETWORKS, L.L.C.
3900 East Mexico Avenue, Suite 930
Denver, Colorado 80210
+1 720 227 0206 tel

FRN No. 0018439042

Assignee

TELESPHERE NETWORKS LTD.
9237 E. Via de Ventura, Suite 250
Scottsdale, Arizona 85258
+1 480 385 7000 tel

FRN No. 0015328032

- (b) Unity BN is an Arizona limited-liability company. Telesphere is a Washington state corporation.

- (c) Correspondence concerning this application should be sent to:

Assignor

Derek Hodovance
Vice President of Operations
UNITY BUSINESS NETWORKS, L.L.C.
3900 East Mexico Avenue, Suite 930
Denver, Colorado 80210
+1 720 227 0206 tel
+1 303 389 6888 fax

with a copy to:

L. Charles Keller
Robert G. Morse
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Washington, D.C. 20037
+ 1 202 783 4141 tel
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*Counsel for
Unity Business Networks, L.L.C.*

Assignee

Dennis James
Acting Chief Operating Officer
TELESPHERE NETWORKS LTD.
9237 E. Via de Ventura, Suite 250
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1200 18th Street, N.W., Suite 1200
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+1 202 730 1337 tel
+1 202 730 1301 fax

Counsel for Telesphere Networks Ltd.

(d) Unity BN holds international Section 214 authority for the provision of global resale services.³ Telesphere holds international Section 214 authority for the provision of global facilities-based and global resale services.⁴ The Commission has not regulated Unity BN or Telesphere as dominant for the provision of any service on any international route.

(e)(3) The Applicants seek Commission consent to assign Unity BN's international Section 214 authorization, as listed in part II(d) above, to Telesphere.

(f) No response is required.

(g) No response is required.

(h) By its signature below, Telesphere certifies that the following persons own a 10-percent-or-greater direct or indirect interest in Telesphere's capital stock:

- (1) Rally Capital
2365 Carillon Point
Kirkland, Washington 98033
+1 425 889 4331 tel
Washington limited-liability company
Principal Business: communications investments
Interest: Owns 62.3 percent of Telesphere's capital stock
- (2) Teledesic LLC
2365 Carillon Point
Kirkland, Washington 98033
+1 425 889 4331 tel
Delaware limited-liability partnership
Principal Business: holding company
Interest: Owns or controls 100 percent of Rally Capital's units and
(indirectly) approximately 62.3 percent of Telesphere's capital
stock

³ See *International Authorizations Granted, Public Notice*, DA 09-799 (rel. Apr. 9, 2009); FCC File No. ITC-214-20090226-00105.

⁴ See *International Authorizations Granted, Public Notice*, 20 FCC Rcd. 14,650, 14,651 (2005) (granted in the name of Clear Sky Broadband, Inc.); File No. ITC-ITC-214-20050824-00344. On July 27, 2006, Telesphere notified the FCC by letter of its name change, from Clear Sky Broadband, Inc.

- (3) Teledesic Corporation
2365 Carillon Point
Kirkland, Washington 98033
+1 425 889 4331 tel
Delaware corporation
Principal Business: holding company
Interest: Owns or controls 99 percent of Teledesic LLC's units and (indirectly) approximately 61.7 percent of Telesphere's capital stock
- (4) Mente LLC
2365 Carillon Point
Kirkland, Washington 98033
+1 425 889 4331 tel
Washington corporation
Principal business: investments
Interest: Owns or controls 88 percent of Teledesic Corporation's capital stock and (indirectly) approximately 54.3 percent of Telesphere's capital stock
- (5) William H. Gates
Chairman, Microsoft Corporation
2365 Carillon Point
Kirkland, Washington 98033
+1 425 889 4331 tel
U.S. citizen
Principal businesses: technology and philanthropy
Interest: Owns or controls the sole membership interest in Mente LLC and (indirectly) approximately 54.3 percent of Telesphere's capital stock
- (6) John Chapple
2365 Carillon Point
Kirkland, Washington 98033
+1 425 893 7819 tel
U.S. citizen
Principal Business: private equity and philanthropy
Interest: Owns (indirectly) 11.5 percent of Telesphere's shares through two intervening limited liability companies that he controls: (1) Hawkeye Investments LLC (which owns 6.1 percent of Telesphere's shares) and Hawkeye Investments II, LLC (which owns 5.38 percent of Telesphere's capital stock)

- (7) GC Investments LLC
901 N. Green Valley Pkwy.
Suite 210
Henderson, Nevada 89074
+1 702 990 2141
Nevada limited-liability company
Principal Business: investment holding company
Interest: Owns 20.3 percent of Telesphere's capital stock

No other entity holds a 10-percent-or-greater direct or indirect ownership interest in Telesphere.

Telesphere has no interlocking directorates with any foreign carrier.

(i) By its signature below, Telesphere certifies that it has, and will have as a result of the Proposed Transaction, no affiliations with any foreign carrier.

(j) By its signature below, Telesphere certifies that as of the date of this application and as a consequence of the consummation of the Proposed Transaction, (1) Telesphere is not and will not be a foreign carrier in any destination country to which it seeks to provide international telecommunications services; (2) Telesphere does not and will not control a foreign carrier in any destination country to which it seeks to provide international telecommunications services; (3) no entity controlling a foreign carrier in any destination country to which Telesphere seeks to provide international telecommunications services owns or will own more than twenty-five percent (25%) of Telesphere, or controls Telesphere; and (4) no foreign carriers (or parties that control foreign carriers) in any destination country to which Telesphere seeks to provide international telecommunications services own or will own, in the aggregate, more than twenty-five percent (25%) of Telesphere or are parties to, or the beneficiaries of, a contractual relation affecting the provision or marketing of international basic telecommunications services in the United States.

(k) As Telesphere has not made any affirmative certifications regarding foreign carrier affiliations, in response to Sections 63.18(i)-(j) of the Commission's rules, Telesphere

need not make a showing regarding WTO status, under Section 63.18(k) of the Commission's rules.

(l) As Telesphere has not made any affirmative certifications regarding foreign carrier affiliations, in response to Sections 63.18(i)-(j) of the Commission's rules, Telesphere need not make a showing regarding the resale of international switched services of an unaffiliated carrier, under Section 63.18(l) of the Commission's rules.

(m) As Telesphere has not made any affirmative certifications regarding foreign carrier affiliations, in response to Sections 63.18(i)-(j) of the Commission's rules, Telesphere is presumptively non-dominant pursuant to Section 63.10(a)(1) of the rules, 47 C.F.R. § 63.10(a)(1), and need not make a showing regarding non-dominant status, under Section 63.18(m) of the Commission's rules.

(n) By its signature below, Telesphere certifies that it has not agreed to accept special concessions directly or indirectly from any foreign carrier with respect to any U.S. international route where the foreign carrier possesses market power on the foreign end of the route and will not enter into any such agreements in the future.

(o) By its signature below, Telesphere certifies that no party to this application is subject to a denial of federal benefits under Section 5301 of the Anti-Drug Abuse Act of 1988, as amended.⁵

(p) The Applicants seek streamlined processing of this request for consent to assign Unity BN's international Section 214 authorization under Section 63.12(a) of the Commission's rules because neither Unity BN nor Telesphere is affiliated with any foreign carrier. Moreover,

⁵ See 21 U.S.C. § 853(a).

the Proposed Transaction raises no competition, foreign-ownership, or other public interest concerns that would warrant a denial of streamlined processing.

III. INFORMATION REQUIRED BY SECTION 63.04 OF THE COMMISSION'S RULES

The Applicants submit the following information, pursuant to Section 63.04 of the Commission's rules, in support of the Applicants' request for consent to assign Unity BN's domestic common-carrier transmission lines to Telesphere:

(a)(1) See response to part II(a) above for the names, addresses, and telephone numbers of the Applicants.

(a)(2) See response to part I.A above for the state laws under which Unity BN and Telesphere are organized.

(a)(3) See response to part II(c) above for the contact information to whom correspondence concerning this application is to be addressed.

(a)(4) See response to part II(h) above for a list of persons or entities that directly or indirectly own at least 10 percent of the equity of Telesphere, and the percentage of equity owned by each of those entities.

(a)(5) By its signature below, Telesphere certifies that no party to this application is subject to a denial of federal benefits under Section 5301 of the Anti-Drug Abuse Act of 1988, as amended.

(a)(6) The Applicants set forth a complete description of the Proposed Transaction in part I.B above.

(a)(7) Unity BN provides domestic interstate interconnected VoIP and data services in Colorado, Minnesota, and Oregon, and is authorized as a CLEC in Colorado and Minnesota. To the extent Unity BN's VoIP services business offers domestic interstate common

carrier services, it does so pursuant to the blanket domestic Section 214 authorization in Section 63.01 of the Commission's rules. Telesphere provides domestic interstate interconnected VoIP, data, and video services throughout the United States.

(a)(8) The request for consent to assign Unity BN's domestic common carrier lines qualifies for presumptive streamlined processing under Section 63.03(b)(2)(i) of the Commission's rules. Telesphere and its affiliates and Unity BN have insignificant shares of the markets for local-exchange, exchange-access, or interstate interexchange services. Neither Telesphere nor Unity BN nor any of their affiliates is regulated as dominant for the provision of any service, and no dominant local exchange carrier is a party to the Proposed Transaction.

(a)(9) The Applicants have not filed any other applications in connection with the Proposed Transaction.

(a)(10) The Applicants do not request any special consideration of this application, other than streamlined processing.

(a)(11) The Applicants have not filed any waiver requests in connection with the Proposed Transaction.

(a)(12) Telesphere's acquisition of Unity BN's VoIP services business will strengthen and expand Telesphere's operations, allowing it to offer services in additional geographic areas and compete more effectively with other operators in the already highly competitive market. The addition of Unity BN's VoIP services business will allow Telesphere to increase the efficiency and reduce the cost of providing services. Specifically, acquisition of Unity BN's VoIP services businesses will enable Telesphere to achieve greater efficiencies of scale and scope, reduce corporate overhead, eliminate duplicate functions, and increase operational efficiencies by adopting best practices and capabilities from each company. The

Proposed Transaction will have virtually no impact on any participant's share of the local exchange, exchange access, or interstate interexchange market segments. Neither Unity BN nor Telesphere is regulated as dominant for the provision of any service. Consequently, the Applicants believe that Commission grant of this assignment application will serve the public interest, convenience, and necessity.

CONCLUSION

The Applicants respectfully request that the Commission grant this application for consent to assign the international Section 214 authorization and domestic common-carrier transmission lines of Unity BN to Telesphere.

Respectfully submitted,

UNITY BUSINESS NETWORKS, L.L.C.



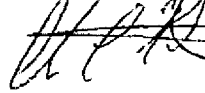
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13 August 2009